



Bringing in the Money

Grants, Funds and Gifts
&

The Economic Effects of Museums and Heritage Railways

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Heritage Railways – have won funding support



Heritage Railways rely on income from commercial trading, the work input of volunteers, donations and funding. We shall concentrate on the 'funding' element.

1. Sources of Funding

UK Heritage Railways and museums have over time been successful in obtaining funding support extra to gate or farebox income, from sources that include:-

- Wealthy benefactors

- The Heritage Lottery

- “Village Fete Activities” making and selling cakes, raffles selling second hand books (*Example: Minehead Station Bookstall earns £22k per annum.*)

- Gift Aid from taxation

- Legacies

- Government funds – local, regional, & European.

1a. Ability to Spend



New GWR Moguls do not come cheap.

Yes! We are all able to generate schemes to spend money that we haven't got, as there are restraints that influence our ability to raise cash.

2. Restraints on Funding

Some of the restraints that we currently suffer under in UK are :-

- The Recession

- A diversion of heritage lottery funding to finance the 2012 Olympics

- Increasing competition within the 'market'

- The expansion of the European Union, that has brought a redefining of the areas that qualify for EU funding

2a. EU Redefinition



MD turntable was supported with EU funds of £600k - but it had to be installed quickly, with only days to spare before funding eligibility ceased.



2b. Are we being taken seriously?



Are our contributions to the community and the regional economy counting for anything?

Have we still got the image of people 'just playing trains', or of being geeks that collect trams?

2c. Our activity is popular

River Mite visits Romney – much appreciated!



We have always known that our activities contribute to the economy of the local area. But do others acknowledge this?

3. Are we being taken seriously?

Economic Impact Assessment provides hard evidence of the actual value of the contribution made, and the affect that the loss of the activity on the local economy.

4. Economic Impact Assessment

Economic Impact Assessment was developed early in the 21st Century, to support applications for funding to improve long distance footpaths.

4a. Accepted by UK Treasury

Beautiful footpath in Wales, Snowdonia National Park.



The footpath research methodology, and results were accepted by the UK treasury, and have since become more widely accepted as a tool for justifying (or not, of course) the granting and allocating of funds.

5. A National Tourism Study

In 2008, the UK's national tourism authority commissioned a national study to try to assess the value of the tourism industry to the UK economy.

I will outline some key findings of their research, and then show how this has been applied to a number of Railway operations to support their quest for funds.

6. Tourism in UK – the facts

Tourism in UK directly earns:

£52 billion p.a.

3.7% of GDP

Tourism in UK directly provides:

**1.36 million
jobs**

6a. Tourism in UK – the facts

Add in the impact of tourism businesses in the supply chain, and the sums rise to :

£115 billion p.a.

8.2% of GDP

7. Tourism in UK – the facts



Labour market entry
opportunities for those with
no or low job skills,
Seasonal employment for
students



Jobs in rural areas to
replace those being lost
in agriculture

Regeneration

7a. Regeneration examples



The Eden Project - replacing a dying china clay industry in Cornwall



The Royal Yacht Britannia – bringing new life to Leith docks

and The Welsh Highland Railway

(which we shall see later)

7b. Big Political Issue

**“UK destination
attractiveness is needed to
stem the outflow of UK
residents to holiday
destinations”**

8. Heritage Railways & Museums

We are significant earners and contributors to the tourism economy,



But we are often located away from the obvious tourism hot spots and so bring tourism benefits to areas that might not otherwise receive them.



We offer the potential for job creation in the rural economy



8a. Heritage Railways & Museums

We can offer high levels of community involvement through the recruitment of volunteers



We are accessible and attractive to people of all ages, especially children, and to those with limited mobility, especially the elderly



We can be “all weather” with attractions operating for extended seasons, way outside the normal tourist ‘limits’



9. Economic Impact – in action



In 2002, the West Somerset Railway needed £324k to re establish signaling to the national rail network.

We formed an informal partnership with our local authority, and jointly commissioned Manchester Metropolitan University to carry out an Economic Impact Study.



In 2005 we needed £600k to install a turntable at Minehead. Suffice to say that trains now pass freely on and off the Railway, and our Mayor can single handedly turn our heaviest locomotive on the turntable.

10. Economic Impact Studies

- i. **Analysis of the company's business and income:** ie direct income – visitor spend from sources including the company's management accounts and statistics, and the Annual Reports,
- ii. **Indirect income to the area** being the proportion of its income that the railway company spends in the local area, (defined in WSR case as being within 10 miles of a WSR station) using a database of WSR suppliers organised by geographical location,
- iii. **Induced income:-**
Spend by the Railway's visitors in the local area during their visit
Spend by the Railway's paid staff and volunteers in the local area

11. Severn Valley Railway



In July 2007 the Severn Valley Railway suffered severe storm damage with 50 landslips and washouts.

The closure of the line made an immediate impact on the traders in the towns served by the Railway.



Emergency funding was made available by the regional government, so that repairs and rebuilding work could commence immediately.

11b. Severn Valley Railway

Economic impact study confirmed a turnover of £5m and a total of £10.9 contribution to the regional economy

*Direct
employment*

123 jobs

*Indirect
employment*

160 jobs

12. National Railway Museum York



A different model. Admission is free, but studies from exit polls and other visitor research, demonstrate generation of substantial income for the York economy

13. Great Orme Tramway Example



Hard evidence of regional economic regeneration has proved very persuasive in unlocking funding from government

14. The Power of Argument

*A job created
for every*

£62k

of income

15. Handover



I will now hand over to Gordon Rushton who will case study the Economic impact of the rebuilding of the Welsh Highland Railway a £32 million project now proven to be contributing substantially to the economy of North Wales, even before it is completed.

This project is the biggest ever attempted and needed fast talking!



16. Why did the FR rebuild the WHR And what is it?



1. Money played a major part

- a. Raising it
- b. Spending it

2. Politics played a major part

- a. A massive political row - competition
- b. Rebuild the lot or lose all credibility

3. What is the WHR and what has been done

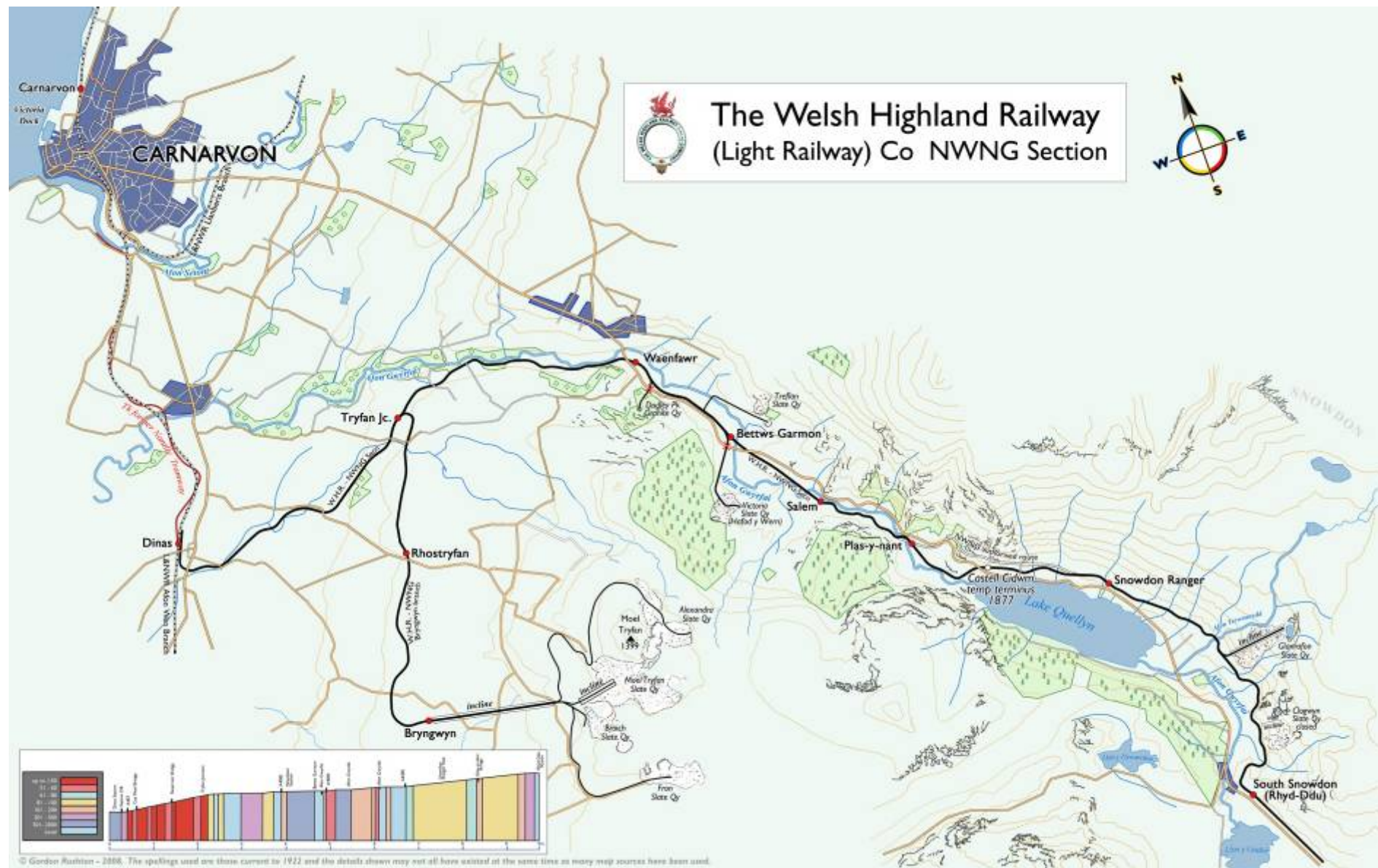
- a. 25 miles of 2ft gauge railway, 22miles of which hadn't seen a train since 1937.
- b. It involved four river crossings, three Warren truss and one 8 span bridge,
- c. 4 tunnels, 5 major level crossings, a tramway through the town and a unique flat crossing with the standard gauge coast railway!

4. How was it funded

Carefully prepared and measured proposals.

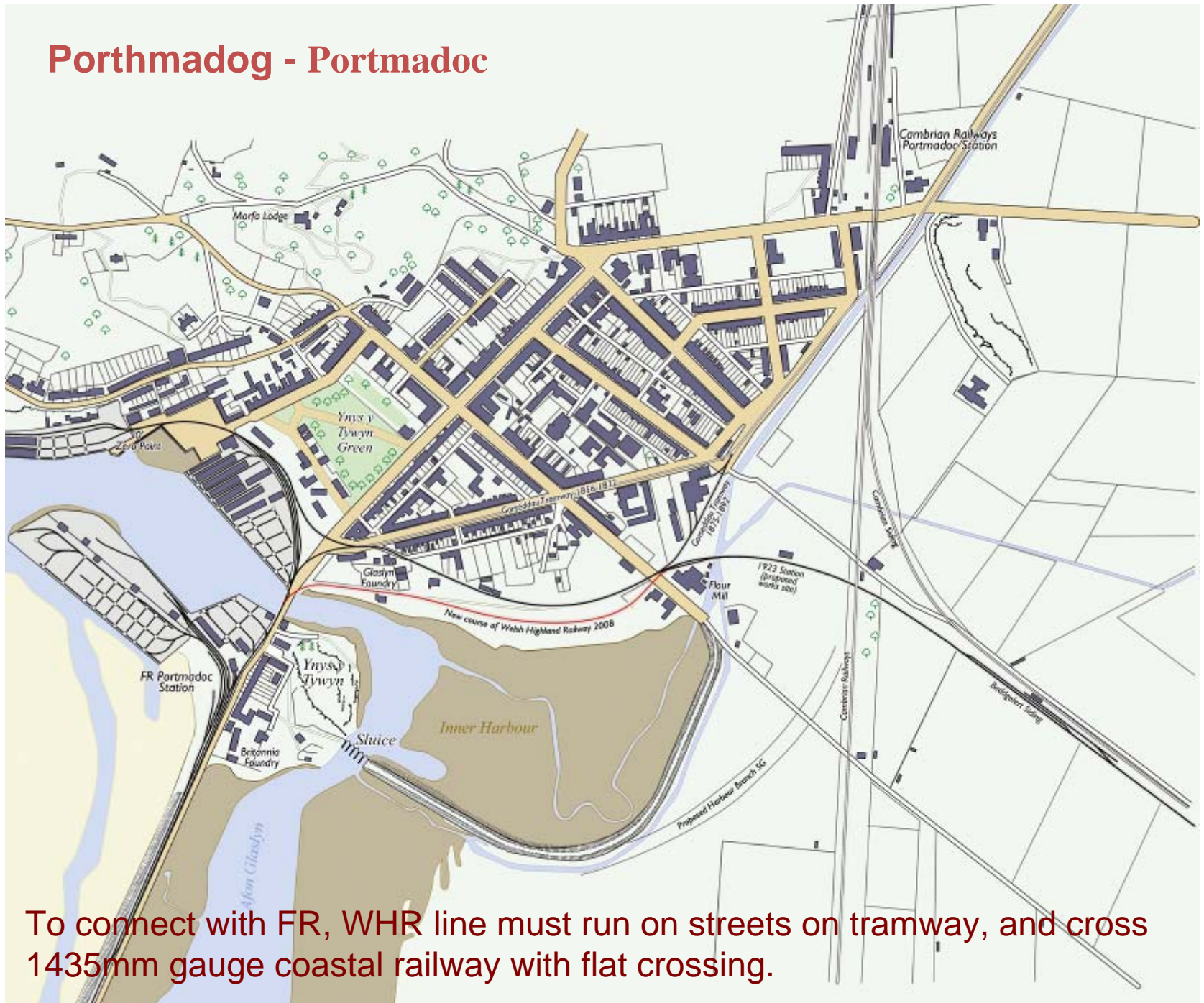


Courtesy Mr Suga



Line to start at Caernarfon, by medieval fortress on old 1435mm closed railway trackbed. To run for 25 miles/40km (total) to Porthmadog.
 First 12miles/20k on old NWNGRy

Porthmadog - Portmadoc



To connect with FR, WHR line must run on streets on tramway, and cross 1435mm gauge coastal railway with flat crossing.

21. Phase 4 Construction 2005-2009



1. Laying track on steel sleepers



2. Track in the Aberglaslyn Pass



3. Tramway across the town



4. Across the coast line

22. WHR - Beautiful Scenery



1. Snowdonia – area of outstanding beauty



2. View from Snowdon – 1100m



3. The train below Snowdon



4. Train rising to Rhyd Ddu



New locomotives were needed – NGG16 Garratts from SAR were chosen.

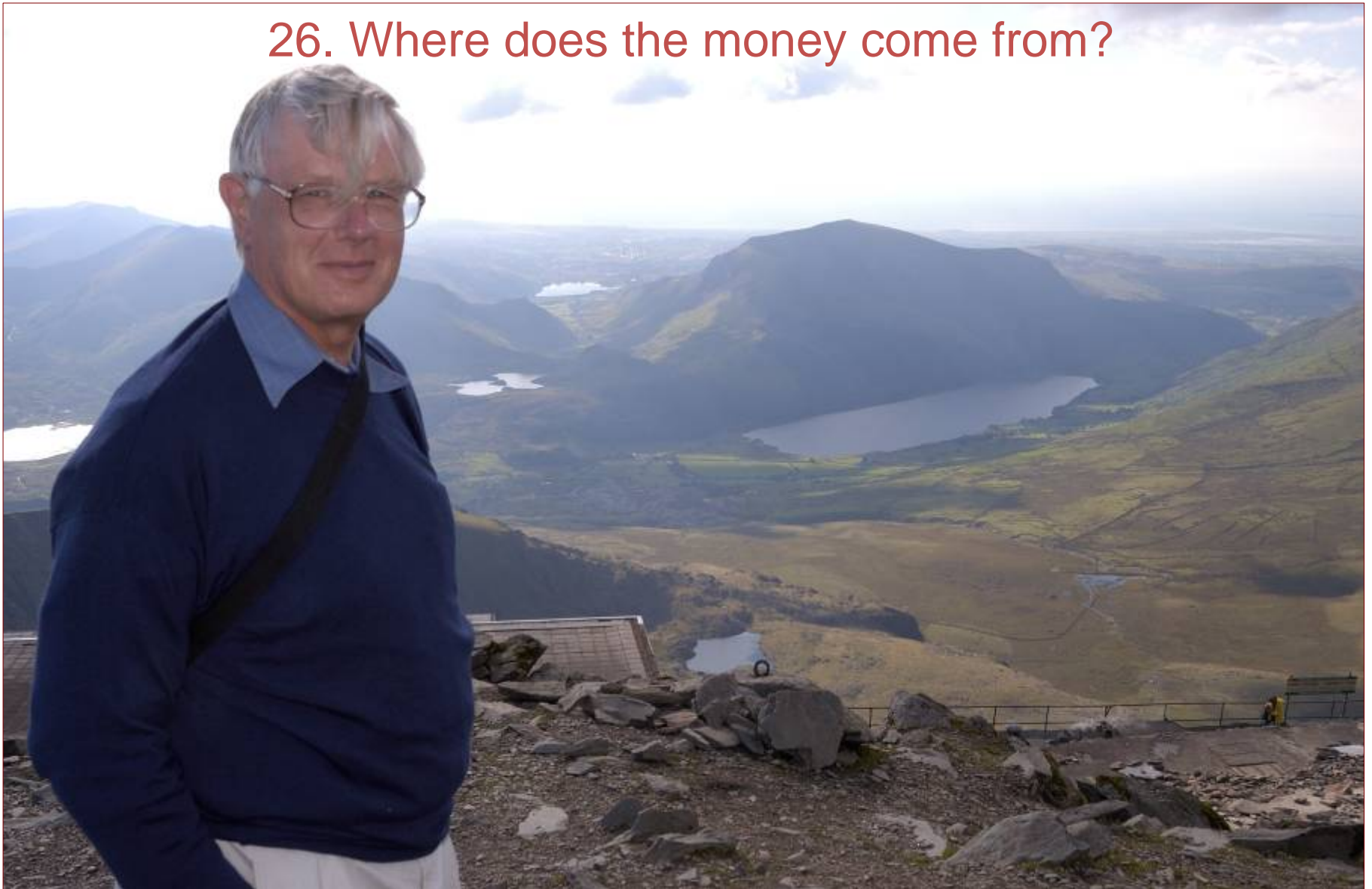


The new Garratt No.87 – we now have 5 NGG16 and 2 NG15 locos – thanks to South African Railways



The new Pullman observation car, built in the railway's own Boston Lodge workshops

26. Where does the money come from?



Sponsors helped us to find significant funds – in all about £8m of the project costs have been given by wealthy people. They say that giving like this ensure that the taxman cannot take it from them!



The government funded a generous slice of the whole project, about 50% - but there were strings attached.



26. Funding it all - Strings attached



1. You will get only Half

100% funding is unlikely

the **50%** often offered may be out of reach for museum or tourist railways to match, no matter how wonderful the benefits may be.

2. You have to be a 'public' body

Private organisations are normally excluded.

When enterprise initiatives are proposed then strings are attached which may be unacceptable.

3. You have to follow the rules

These are frequently couched in terms that allows only 'target ' bodies like say Councils to apply.

4. Payment is 'after' – and so you fund the GAP!

Payments are made by a claim basis – and these are normally met with a finicky and penny pinching audit. So you have to add the cost to fund the gap.



You need to be nice to politicians – in some countries you have to be REALLY nice.



27. Funding it all – Untying the strings



1. Get into the local plan, or structure plan

If you have had the foresight to be in the 'official plans', tourist boards, councils and national park authorities can give you money.

2. Do what's right for your country

What's right for UK may be different elsewhere. There is a strictly individual strategy for your country, area.

3. Play politics – you may as well, you are in the arena

So you're in to politics – well you always were in case you hadn't noticed. Being good at politics is a significant element of fund raising.

4. Sell yourself – you need to be good salesmen

Fund raising with the news that the government will match the contributor dollar for dollar is a good selling line. Demonstrate that you have local support, and use any sponsor's funds to boost this image.

These are the gateways to 100% of the funds.....



28. Funding it all – Subscription



A vital element for any project with aspirations for public funding is to demonstrate strong local support.

This can be the killer qualification in the quest for external funding.

We often rely on endless car boot sales, whist drives, coffee mornings and attendance at model railway exhibitions.

What we came up for 'local' support with was

Subscription



29. Funding it all – Subscription



- 1. Small amounts - many people – long time**
(\$50 per month), long time (5 years), hundreds of people (say 400) = \$1.2m
- 2. Offer benefits that cost little and mean a lot**
Drive an engine, private train, certificate, artefact?
- 3. Offer higher rates for slightly higher benefits**
(\$200 per month, 50 people = \$0.6m)
- 4. Accept ‘gift-aid’ tax relief of +20% from government**



Have a party – show the work, raise the emotional level, extend the contributions.
This has never failed to bring considerable extra funds!

A nicely designed brochure,
included with **Steam Railway** and
others

THE DREAM IS COMING TRUE

Reviving a railway lost for over seventy years

BRONZE £25 per month

SILVER £50 per month

GOLD £100 per month

Raised:

£2m

In just two years of hard work





32. Generating Credibility



All of the time there is the problem of credibility.

1. Competition with other organisations

From hospitals to road widening, why should a toy railway receive funds?

2. Buggins Turn

You've had yours, when we gave you \$20 for a new bus stop, why should we give you more?

3. Men Playing trains

It's not serious, you are only playing – get a life!

4. NIMBY

Skies will darken, cows will go dry, women will be barren, fires will consume the countryside.

Take all this seriously – we really got into trouble on WHR



33. Generating Credibility



The FR/WHR generates jobs, direct and indirect, feeding back to the local community on a quite high basis.

Bangor University accepted Dr Megan Davies's thesis on this subject:

The Economic Impact of the Ffestiniog and Welsh Highland Railways on Gwynedd

First serious, academic study of this subject in 50 years. Until now we have heard all about nuclear power, sheep farming, forestry and many other things but never anything tourist railways.

Megan followed the West Somerset model, adapting it to the FR situation and the findings are highly favourable.

Would this be the same for your enterprise?

Is everyone in ignorance about your true economic potential?



34. The Facts



Effect on local economy

Generates

375 jobs

Contributes

£8-9m p.a.



35. The Facts



Effect on local economy

*Government
Funding P4*

£10m

Return p.a.

80-90%

Expected to be 100% upon WHR completion

This is a politician's delight!



36. The information base



1. Use the 'multipliers' that have been calculated and already agreed.
2. Most area economic offices will have agreed multipliers to which your researchers may add data gained from your museum or railway.
3. The figures predict the economic effect of your railways or museum's extension
4. Conduct surveys to obtain fresh, relevant data on people's habits and potentiality, both on and off your museum or railway. Measure volume, measure expenditure, record implications for direct and indirect employment.

Armed with such information, you will be in a better position to attract the funding you seek.

At a railway recently, NIMBYS objected to extension as house prices would 'collapse'. Information was obtained from another area, where Estate Agents were raising prices by 10% for houses 'right next to the steam railway'! Local information is important.



Other railways also know a thing or two! Puffing Billy is well into the business of presenting itself and its operations in an 'easy to understand' form.



Puffing Billy Railway Business Plan 2009-2014

Emerald Tourist Railway Board

Based on visitor numbers rising from 200k to 322k per year

Economic impacts

Aspirational Initiatives

Local jobs supported (yr 10)

171 increasing

Local value added (yr 10)

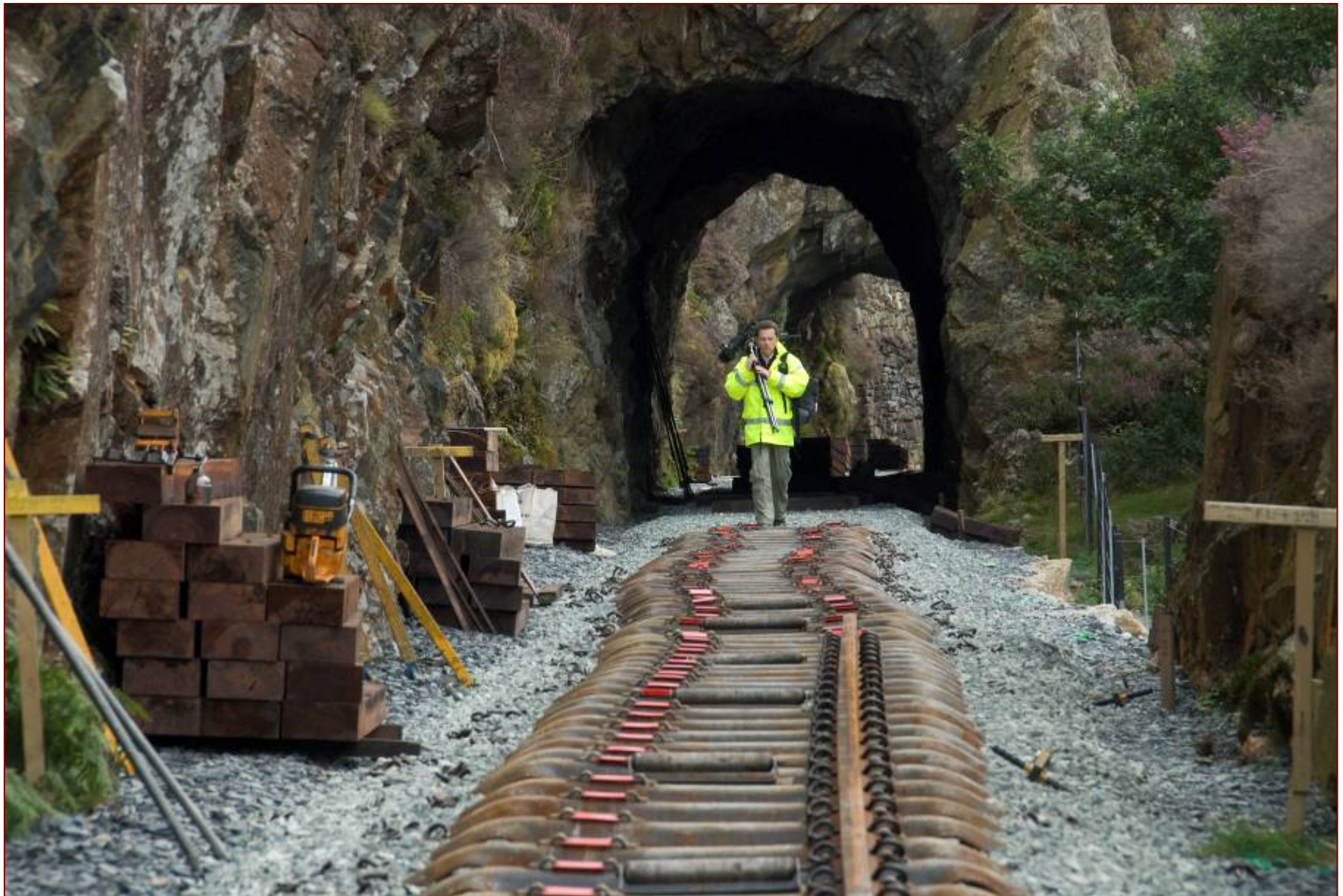
\$6.2 m increasing

Victorian jobs supported (yr 10)

246 increasing

Victorian value added (yr 10)

\$24.4 increasing



We learned a few things whilst rebuilding the WHR – and we've more to learn when running it! That's to come.



40. Our Conclusions



1. Be Bold

The public like bold ideas, so go with them. However, use economic data to support the case; aspirations unsupported are not good.

2. Think Big – tell a good story

Think outside the box on the effect of what you propose. The consequences of the project: car parks, cafes, restaurants, engineering, new jobs, the economic effect of your project. Your business, will have far-reaching results, so the negative people cannot put you down.

3. Think Long Term

Ffestiniog has taken 50 years; talk in these terms. Most politicians and officials have a problem with **one**. Look at plans long term for the area.

Talking long term demonstrates you are here to stay.



41. Our Conclusions



4. Remember Confucius and the electricity industry
'Many hands make light work' – involve everyone!

5. Raising Money

Grants are more likely if you can prove a real and lasting return. If you can show significant community contribution, your case is further enhanced. Fund raising by subscription makes this practicable.

6. Don't show surprise when you achieve the impossible - everyone thought you could do it all along, and you'll lose credibility if they sense self-doubt!

Just get on with the next thing to do.